

Message Text

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ACTION COME-00

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FM AMEMBASSY MEXICO

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PASS COMMERCE/MEPD

E.O. 11652: N/A

TAGS: BEXP, MX

SUBJ: LAS TRUCHAS (SICARTSA) STEEL EXPANSION

REF: A) STATE 198841; B) STATE 186199

1. IN RECENT WEEKS SICARTSA OFFICIALS HAVE ATTEMPTED TO ALLAY U.S. MISGIVINGS CONCERNING POSSIBLE DISCRIMINATION AGAINST AMERICAN PROPOSALS FOR SECOND STAGE EXPANSION. SICARTSA MANAGER ARMANDO ORIVE TOLD EMBOFF THAT BIDDER'S CONFERENCE HELD LATE LAST MONTH VERY SUCCESSFUL AND WELL ATTENDED BY U.S. SUPPLIER COMPANIES. HE EMPHASIZED THAT SESSIONS WERE LENGTHY, DETAILED AND PROVIDED THOROUGH DISCUSSION OF SECOND STAGE PARAMETERS. ORIVE OBSERVED THAT U.S. SUPPLIER REPRESENTATIVES APPEARED PLEASED WITH CONFERENCE RESULTS AND HE NOTED AMERICAN COMPANIES SEEMED TO HAVE COMPETITIVE EDGE. SICARTSA VISIT BY EXIMBANK CHAIRMAN CASEY ALSO HELPED CLARIFY VARIOUS ASPECTS EXIM FINANCING FOR U.S. SUPPLIERS.

2. RE PARAGRAPH 4 REFTL (A), SICARTSA PROJECT IS PRIDE OF ECHEVERRIA ADMINISTRATION AND PRESIDENT TAKES DIRECT, PERSONAL INTEREST IN LAS TRUCHAS. POLITICAL IMPLICATIONS
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OF PROJECT, THEREFORE, OFTEN CONSIDERED AT HIGHEST GOM

LEVEL. THIS REALITY DOES NOT DIMISH FACT THAT DIRECTOR GENERAL ADOLFO ORIVE ALBA IS POWERFUL INDIVIDUAL IN OWN RIGHT AND PRINCIPAL SICARTSA PRIME MOVER. OTHER GOM AGENCIES, PARTICULARLY FOREIGN MINISTRY AND INDUSTRY/ COMMERCE SECRETARIAT, WITHOUT INFLUENCE IN THESE MATTERS. NO PURPOSE WOULD BE SERVED BY AN APPROACH TO THEM.

3. AS ALTERNATIVE TO TRADE MISSION PROPOSAL (REF B), EMBASSY SUGGESTS MAJOR SECOND STAGE COMPETITORS REGULARLY CONTACT EMBASSY IRON/STEEL OFFICER (AS U.S. STEEL ALREADY DOES) TO DISCUSS PROPOSED PROJECT PARTICIPATION AND PLAN JOINT EMBASSY/COMPANY VISITS TO SICARTSA. THIS ARRANGEMENT WOULD UNDERLINE USG INTEREST IN AND SUPPORT FOR AMERICAN SUPPLIERS INVOLVED IN PROJECT. ANOTHER POSSIBILITY WOULD BE VISIT BY COMMERCE DEPARTMENT REPRESENTATIVE ACCOMPANYING MAJOR U.S. SUPPLIER DELEGATION. EXAMPLE WOULD BE VISIT BY COMMERCE AND U.S. CONSORTIUM MESTA/SWINDELL"BLISS. EMBASSY BELIEVES SUCH STRUCTURED, LOW-KEY CALLS WOULD BE PRODUCTIVE UNDERTAKINS. TOUR OF SICARTSA SITE COULD BE INCLUDED. IN SHORT, PERIODIC CONTACTS WITH SICARTSA BY U.S. COMPANIES WITH USG REPRESENTATION WOULD SERVE TO REITERATE OUR ACTIVE INVOLVEMENT AND INTEREST IN SECOND STAGE.

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